

WESTWOOD HEIGHTS SCHOOLS
FLINT, MICHIGAN
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

October 30, 2007

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Westwood Heights Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westwood Heights Schools, as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Westwood Heights Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Westwood Heights Schools as of June 30, 2007, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund and the 1999 Capital Projects Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated October 30, 2007 on our consideration of the Westwood Heights Schools's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages II - IX, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Westwood Heights Schools' basic financial statements. The additional information on pages 19 - 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lewis & Knopf PC
LEWIS & KNOPF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

WESTWOOD HEIGHTS SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Westwood Heights Schools' Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2007.

Generally accepted accounting principles (GAAP), according to GASB 34, requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements:

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Wide Financial Statements:

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

WESTWOOD HEIGHTS SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

District Wide Financial Statements: (Continued)

These two statements report the Westwood Heights Schools net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District’s services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

The School District as Trustee – Reporting the School District’s Fiduciary Responsibilities

The School District is the trustee, or fiduciary for its student activity funds. All of the School District’s fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District’s other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

SUMMARY OF NET ASSETS:

The following summarizes the net assets at the fiscal years ended June 30, 2007 and 2006:

	<u>NET ASSETS SUMMARY</u>	
	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Current Assets	\$4,776,751	\$6,119,252
Non-Current Assets	<u>3,193,660</u>	<u>3,015,296</u>
<u>TOTAL ASSETS</u>	<u>\$7,970,411</u>	<u>\$9,134,548</u>
<u>LIABILITIES</u>		
Current Liabilities	\$2,122,433	\$2,902,186
Long-Term Liabilities	<u>191,155</u>	<u>150,931</u>
Total Liabilities	\$2,313,588	\$3,053,117
<u>NET ASSETS</u>		
Invested in Capital Assets - Net of Related Debt	3,065,681	2,846,544
Restricted - Capital Projects	1,087,744	985,172
Unrestricted	<u>1,503,398</u>	<u>2,249,715</u>
Total Net Assets	<u>\$5,656,823</u>	<u>\$6,081,431</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$7,970,411</u>	<u>\$9,134,548</u>

WESTWOOD HEIGHTS SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

RESULTS OF OPERATIONS:

For the fiscal years ended June 30, 2007 and 2006, the District wide results of operations were:

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
<u>General Revenues:</u>		
Property Taxes Levied for General Operations	\$1,755,035	\$1,673,169
Property Taxes Levied for Capital Projects	513,283	481,147
State of Michigan Unrestricted Foundation Aid	6,417,338	6,781,293
Other General Revenues	<u>252,373</u>	<u>295,139</u>
Total General Revenues	\$8,938,029	\$9,230,748
<u>Operating Grants:</u>		
Federal	1,190,604	1,481,511
State of Michigan	1,176,736	1,074,879
Other Operating Grants	<u>35,012</u>	<u>75,647</u>
Total Operating Grants	\$2,402,352	\$2,632,037
Charges for Services:		
Food Service	152,743	167,932
Athletics	25,857	20,223
Other Charges for Services	<u>515,102</u>	<u>311,975</u>
Total Charges for Services	<u>\$693,702</u>	<u>\$500,130</u>
Total Revenues	\$12,034,083	\$12,362,915
<u>EXPENSES</u>		
Instruction & Instructional Support	6,445,089	6,280,395
Support Services	4,745,094	4,606,640
Community Services	69,791	173,138
Food Service	658,345	728,795
Athletics	372,440	235,500
Interest - Long-Term Obligation	0	4,729
Depreciation	<u>167,932</u>	<u>135,209</u>
Total Expenses	<u>\$12,458,691</u>	<u>\$12,164,406</u>
<u>INCREASE IN NET ASSETS</u>	(\$424,608)	\$198,509
BEGINNING NET ASSETS	<u>6,081,431</u>	<u>5,882,922</u>
<u>ENDING NET ASSETS</u>	<u><u>\$5,656,823</u></u>	<u><u>\$6,081,431</u></u>

WESTWOOD HEIGHTS SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

GOVERNMENT- WIDE FINANCIAL ANALYSIS

Analysis of Financial Position:

During the year ended June 30, 2007, the District's Total Net Assets decreased by \$424,608 to a total of \$5,656,823. The largest portion of the net assets is the District's investment in capital assets. Net assets (invested in capital assets, net of related debt) increased by \$219,137 during the year due to purchase of new capital assets and principal payments on related debt exceeding depreciation. The District's Unrestricted Net Assets decreased by \$746,317 during the year and the restricted portion of the net assets increased by \$102,572. The restricted Net Assets consist of the restricted capital projects funds that may only be used to fund capital projects. The unrestricted net assets may be used to fund the educational services provided to students. The significant change in unrestricted net assets was the general fund revenues exceeding expenditures.

Analysis of Results of Operations

The District's overall expenses exceeded its revenues for the year by \$424,608. The total revenues decreased by \$328,832 over last year's amounts. The major changes were a decrease in state aid received and a reduction in federal grant revenue. Expenditures increased by \$294,285 over last year's amounts due primarily to increased cost of health care premiums and employer contributions to the Michigan Public School Employees Retirement System.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS

Analysis of Financial Position

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

General Fund

The district's general fund is the chief operating fund of the district. Unreserved fund balance for the general fund decreased by \$713,926 during the year primarily as a result of a decrease in cash. Revenues for the year decreased by \$380,006 primarily from a decrease in federal funding and state aid revenue. Expenditures and other financing uses increased by \$331,656, primarily from increased employer salary, retirement and insurance costs. The major source of general fund revenues is state aid and taxes. An analysis of them is as follows:

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment - Blended at 75 percent of current year's fall count and 25 percent of prior year's winter count
- c. The District's non-homestead tax levy.

2. Per Student, Foundation Allowance:

Annually, the State of Michigan establishes the per student foundation allowance. The Westwood Heights Schools foundation allowance was \$7,169 per student for the 2006-2007 school year.

3. Student Enrollment:

The District's student enrollment for the fall count of 2006-2007 was 1,166 students. A decrease of 102 students from the prior year.

WESTWOOD HEIGHTS SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)

Analysis of Financial Position (Continued)

General Fund (Continued)

4. Property Taxes Levied For General Operations (General Fund Non-Homestead Taxes)

The District levies 18 mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2006-2007 fiscal year was \$1,777,323; an increase of \$46,896 from the prior year.

1999 Capital Projects Fund

The district's capital projects fund balance increased by \$71,757. Property taxes levied are the primary source of revenue in the fund and they increased by \$17,926 from the previous year. Expenditures, which are restricted for construction projects, decreased by \$336,438 from the prior year.

Property Taxes Levied For Capital Projects

The District's capital projects fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties; both homestead and non-homestead.

For 2006-2007, the District's 1999 capital projects fund millage levy was 3.1184 mills that generated revenue of \$503,438.

GENERAL FUND BUDGETARY HIGHLIGHTS:

GENERAL FUND BUDGET VS. ACTUAL

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original & & Final Budget %</u>	<u>Variance Actual & Final Budget %</u>
Revenue	\$10,911,754	\$11,189,307	\$10,784,601	0.03	3.62
Expenditures	11,040,311	12,025,762	11,498,527	0.09	4.38
<u>TOTAL</u>	<u>(\$128,557)</u>	<u>(\$836,455)</u>	<u>(\$713,926)</u>		

ANALYSIS OF BUDGETS:

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Westwood Heights Schools amends its budget during the school year. The June, 2007 budget amendment was the final budget for the fiscal year. There were no significant variances between the original and final budget.

WESTWOOD HEIGHTS SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

ANALYSIS OF BUDGETS: (Continued)

The variances between the actual revenues and the original and final amended budgets in the General Fund are due primarily to adjustments to unrestricted state aid as a result of the decrease in blended count on which state aid is based and adjustments to various state and federal grants.

The variances between the actual General Fund expenditures and the original and final amended budgets are a result of employee salary and benefit adjustments and adjustments to state and federal grant expenditures.

1999 CAPITAL PROJECTS FUND BUDGETARY HIGHLIGHTS:

1999 CAPITAL PROJECTS FUND BUDGET VS. ACTUAL

	Original Budget	Final Budget	Actual	Variance Original & Final Budget %	Variance Actual & Final Budget %
Revenue	\$344,595	\$344,566	\$349,319	0.00	1.38
Expenditures	940,000	952,521	277,562	0.01	70.86
<u>TOTAL</u>	<u>(\$595,405)</u>	<u>(\$607,955)</u>	<u>\$71,757</u>		

There were no significant variances between the original and final amended budget.

The variances between the actual 1999 Capital Projects Fund expenditures and the original and final amended budgets are a result of timing differences for completion of scheduled projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

A. Debt, Principal Payments

The District made principal payments on bonded, long-term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-01-06	Increases 6-30-07	Principal Payments 6-30-07	Principal Balance 6-30-07
Bonds Payable	\$127,979	\$0	\$0	\$127,979
Bus Note & Contracts Payable	40,773	0	40,773	0
Sick Days Payable	33,940	29,236	0	63,176
<u>Total Long-Term Bond Obligations</u>	<u>\$202,692</u>	<u>\$29,236</u>	<u>\$40,773</u>	<u>\$191,155</u>

WESTWOOD HEIGHTS SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

B. Capital Assets

The district's net investment in capital assets increased by \$178,364 during the fiscal year. This can be summarized as follows:

	Balance 7-1-06	Additions	Deductions	Balance 6-30-07
Capital Assets	\$12,461,369	\$432,562	\$460,469	\$12,433,462
Less: Accumulated Depreciation	(9,446,073)	(254,198)	(460,469)	(9,239,802)
<u>Net Investment Capital Outlay</u>	<u>\$3,015,296</u>	<u>\$178,364</u>	<u>\$0</u>	<u>\$3,193,660</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

* Foundation allowance

The Board of Education and Administration agreed to an estimate of a foundation allowance of \$7,169 per pupil for the 2007-2008 fiscal year based on information received from various educational organizations such as Michigan Association of School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions local state representatives. The political debate regarding the funding of public education, the current economic climate in the State of Michigan and the gubernatorial election will all affect this estimate before the final foundation allowance is known.

* Retirement Rates

The continuing cost of health insurance to current and potential retirees continues to drive the rate increases the Michigan School Personnel Retirement System recommends to the legislature for approval. The rate is anticipated to decrease to 16.72% in 2007-2008 from 17.74% in 2006-2007.

* The Westwood Heights Schools' 2007-2008 adopted budget is as follows:

REVENUE	\$10,501,862
<u>EXPENDITURES</u>	<u>10,501,862</u>
<u>NET (UNDER) BUDGET</u>	<u>\$0</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Westwood Heights Schools.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$3,135,161
Accounts Receivable	68,689
Taxes Receivable	11,781
Due from Other Governmental Units	1,359,604
Inventory	14,332
Prepaid Expenses	187,184
Total Current Assets	<u>\$4,776,751</u>
<u>NON-CURRENT ASSETS</u>	
Capital Assets	12,433,462
Less: Accumulated Depreciation	<u>(9,239,802)</u>
Total Noncurrent Assets	<u>\$3,193,660</u>
<u>TOTAL ASSETS</u>	<u>\$7,970,411</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$89,766
State Aid Anticipation Note Payable	1,284,707
Accrued Expenses	141,184
Salaries Payable	558,779
Deferred Revenue	47,997
Current Portion of Long-Term Obligations	0
Total Current Liabilities	<u>\$2,122,433</u>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	<u>191,155</u>
<u>TOTAL LIABILITIES</u>	<u>\$2,313,588</u>
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	3,065,681
Restricted for:	
Capital Projects	1,087,744
Unrestricted	1,503,398
Total Net Assets	<u>\$5,656,823</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$7,970,411</u>

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$6,445,089	\$0	\$1,872,684	(\$4,572,405)
Support Services	4,745,094	515,102	38,644	(4,191,348)
Community Services	69,791	0	18,042	(51,749)
Food Service	658,345	152,743	472,982	(32,620)
Athletics	372,440	25,857	0	(346,583)
Interest - Long-Term Obligation	0	0	0	0
Depreciation - Unallocated	167,932	0	0	(167,932)
<u>TOTALS</u>	<u>\$12,458,691</u>	<u>\$693,702</u>	<u>\$2,402,352</u>	<u>(\$9,362,637)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				2,268,318
State Aid				6,417,338
Investment Earnings				123,652
Miscellaneous				128,721
Total General Revenues and Transfers				<u>\$8,938,029</u>
Change in Net Assets				(\$424,608)
Net Assets - Beginning				<u>6,081,431</u>
<u>Net Assets - Ending</u>				<u>\$5,656,823</u>

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

	General Fund	1999 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$1,789,199	\$654,073	\$691,889	\$3,135,161
Accounts Receivable	60,936	0	7,753	68,689
Taxes Receivable	6,093	3,864	1,824	11,781
Due From Other Funds	0	42,540	41,902	84,442
Due From Other Governmental Units	1,344,764	0	14,840	1,359,604
Inventory	0	0	14,332	14,332
Prepaid Expenses	183,711	0	3,473	187,184
<u>TOTAL ASSETS</u>	<u>\$3,384,703</u>	<u>\$700,477</u>	<u>\$776,013</u>	<u>\$4,861,193</u>
<u>LIABILITIES</u>				
Accounts Payable	\$84,702	\$0	\$5,064	\$89,766
State Aid Anticipation Note Payable	1,284,707	0	0	1,284,707
Due to Other Funds	84,442	0	0	84,442
Accrued Expenses	136,597	0	4,587	141,184
Salaries Payable	540,714	0	18,065	558,779
Deferred Revenue	47,997	0	0	47,997
Total Liabilities	\$2,179,159	\$0	\$27,716	\$2,206,875
<u>FUND BALANCES</u>				
Reserved For:				
Inventory	0	0	14,332	14,332
Capital Projects	0	700,477	387,267	1,087,744
Unreserved:				
Undesignated, Reported In:				
General Fund	1,205,544	0	0	1,205,544
Special Revenue Fund	0	0	346,698	346,698
Total Fund Balances	<u>\$1,205,544</u>	<u>\$700,477</u>	<u>\$748,297</u>	<u>\$2,654,318</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$3,384,703</u>	<u>\$700,477</u>	<u>\$776,013</u>	<u>\$4,861,193</u>

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2007

Total Governmental Fund Balances:	\$2,654,318
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Amounts reported for governmental activities in the statement of
net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$12,433,462 and the accumulated depreciation is \$9,239,802	3,193,660
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Long-term liabilities, including bonds payable, are not due and
payable in the current period and therefore are not reported as
liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	\$127,979	
Sick Days Payable	63,176	
Total Long-Term Liabilities	<u> </u>	<u>(191,155)</u>

<u>TOTAL NET ASSETS -</u> <u>GOVERNMENTAL ACTIVITIES</u>	<u><u>\$5,656,823</u></u>
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WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	1999 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Local Sources	\$2,316,342	\$349,319	\$427,181	\$3,092,842
State Sources	7,541,210	0	52,864	7,594,074
Federal Sources	770,486	0	420,118	1,190,604
Total Revenues	<u>\$10,628,038</u>	<u>\$349,319</u>	<u>\$900,163</u>	<u>\$11,877,520</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	6,420,281	0	0	6,420,281
Student Services	614,084	0	0	614,084
Instructional Support	485,108	0	0	485,108
General Administration	395,235	0	0	395,235
School Administration	1,058,140	0	0	1,058,140
Business Administration	194,566	0	0	194,566
Operation & Maintenance of Plant	1,302,227	0	0	1,302,227
Transportation	501,571	0	0	501,571
Support Services - Other	127,187	0	0	127,187
Community Services	69,791	0	0	69,791
Food Service & Athletics	0	0	1,052,822	1,052,822
Capital Projects	0	265,041	101,876	366,917
Total Expenditures	<u>\$11,168,190</u>	<u>\$265,041</u>	<u>\$1,154,698</u>	<u>\$12,587,929</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$540,152)	\$84,278	(\$254,535)	(\$710,409)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from (to) Other Funds	(330,337)	0	330,337	0
Other Transfers	156,563	(12,521)	(48,143)	95,899
Total Other Financing Sources (Uses)	<u>(\$173,774)</u>	<u>(\$12,521)</u>	<u>\$282,194</u>	<u>\$95,899</u>
Net Change in Fund Balance	(\$713,926)	\$71,757	\$27,659	(\$614,510)
<u>FUND BALANCE - BEGINNING</u>	<u>1,919,470</u>	<u>628,720</u>	<u>720,638</u>	<u>3,268,828</u>
<u>FUND BALANCE - ENDING</u>	<u>\$1,205,544</u>	<u>\$700,477</u>	<u>\$748,297</u>	<u>\$2,654,318</u>

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Total net change in fund balances - governmental funds	(\$614,510)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	178,365
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	40,773
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Increase in accrued compensated absences	<u>(29,236)</u>
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<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u><u>(\$424,608)</u></u>
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WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
AS OF JUNE 30, 2007

	Trust & Agency
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$38,503</u>
<u>TOTAL ASSETS</u>	<u>\$38,503</u>
<u>LIABILITIES</u>	
Due to Student Groups	<u>\$38,503</u>
<u>TOTAL LIABILITIES</u>	<u>\$38,503</u>

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Local Sources	\$2,323,659	\$2,392,944	\$2,316,342	(\$76,602)
State Sources	7,633,131	7,622,837	7,541,210	(81,627)
Federal Sources	842,477	908,068	770,486	(137,582)
Total Revenues	\$10,799,267	\$10,923,849	\$10,628,038	(\$295,811)
<u>EXPENDITURES</u>				
Current:				
Instruction	6,227,885	6,637,549	6,420,281	217,268
Student Services	429,510	624,265	614,084	10,181
Instructional Support	656,080	567,971	485,108	82,863
General Administration	424,870	430,126	395,235	34,891
School Administration	765,332	1,076,076	1,058,140	17,936
Business Administration	308,858	197,091	194,566	2,525
Operation & Maintenance of Plant	1,295,123	1,331,495	1,302,227	29,268
Transportation	426,500	507,645	501,571	6,074
Support Services - Other	62,099	140,465	127,187	13,278
Community Services	171,054	98,070	69,791	28,279
Total Expenditures	\$10,767,311	\$11,610,753	\$11,168,190	\$442,563
Excess of Revenues Over Expenditures	\$31,956	(\$686,904)	(\$540,152)	\$146,752
<u>OTHER FINANCING SOURCES (USES)</u>				
Net Change in Fund Balance	(160,513)	(149,551)	(173,774)	(24,223)
	(\$128,557)	(\$836,455)	(\$713,926)	\$122,529
<u>FUND BALANCE - BEGINNING</u>			1,919,470	
<u>FUND BALANCE - ENDING</u>			\$1,205,544	

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
1999 CAPITAL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$344,595	\$344,566	\$349,319	\$4,753
<u>EXPENDITURES</u>				
Purchased Services	940,000	940,000	265,041	674,959
Excess of Revenues Over Expenditures	(\$595,405)	(\$595,434)	\$84,278	\$679,712
<u>OTHER FINANCING SOURCES (USES)</u>	<u>0</u>	<u>(12,521)</u>	<u>(12,521)</u>	<u>0</u>
Net Change in Fund Balance	(\$595,405)	(\$607,955)	\$71,757	\$679,712
<u>FUND BALANCE - BEGINNING</u>			<u>628,720</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$700,477</u>	

See accompanying notes to the basic financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

1) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Westwood Heights Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District’s activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains two school service funds: Food Service and Athletic Funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

The Capital Projects Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 10 years
Vehicles and Buses	5 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1968 PA 2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the School District for these budgetary funds were adopted to the functional level.

4) DEPOSITS AND INVESTMENTS

As of June 30, 2007, the District had no investments.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service. The District's investments in commercial paper were rated A1 by Standard & Poor's, F-1 by Fitch Ratings, and P-1 by Moody's Investors Service. The District's investments in corporate bonds were rated AAA by Standard & Poor's and Fitch Ratings, and AAA by Moody's Investors Service.

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2007, \$3,665,229 of the District's bank balance of \$3,765,229 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

4) DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

5) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

6) RECEIVABLES

Receivables at June 30, 2007, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 1,206,935
Federal Grants	144,095
Other Grants	8,574
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>\$ 1,359,604</u>

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2007 the School District had estimated claims payable of \$25,853 in conjunction with the program.

8) SHORT-TERM DEBT

The District borrowed \$1,245,000 at 3.68% per annum on August 18, 2006, from Citizens Bank on a State Aid Anticipation Note. The short-term note proceeds were used to meet cash flow needs. The balance as of June 30, 2007 including interest was \$1,284,707. The note was repaid on August 20, 2007.

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>State Aid</u>	<u>\$1,825,000</u>	<u>\$1,245,000</u>	<u>\$1,825,000</u>	<u>\$1,245,000</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>GOVERNMENTAL ACTIVITIES</u>				
Buildings and Improvements	\$7,542,313	\$167,038	\$0	\$7,709,351
Land Improvements	3,537,036	185,467	0	3,722,503
Equipment and Furniture	733,614	39,689	0	773,303
Vehicles	648,406	40,368	460,469	228,305
Totals at Historical Cost	\$12,461,369	\$432,562	\$460,469	\$12,433,462
Less: Accumulated Depreciation				
Buildings and Improvements	(5,196,468)	(155,558)	0	(5,352,026)
Land Improvements	(3,122,992)	(34,769)	0	(3,157,761)
Equipment and Furniture	(518,023)	(51,275)	0	(569,298)
Vehicles	(608,590)	(12,596)	(460,469)	(160,717)
Total Accumulated Depreciation	(\$9,446,073)	(\$254,198)	(\$460,469)	(\$9,239,802)
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	\$3,015,296	\$178,364	\$0	\$3,193,660

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

Instruction	\$ 24,808
Support Services	43,806
Food Service	1,406
Athletics	16,246
Unallocated	167,932
<u>TOTAL DEPRECIATION EXPENSE</u>	<u>\$ 254,198</u>

10) SELF INSURANCE POOL

The School District participates in a public entity risk pool (self-insurance pool) for its workers' compensation, property and casualty, general liability, and boiler insurance. The pool is through the MASB/SET/SEG and is administered by Corporate Services. The pool provides for reinsurance by various insurance companies at various levels, depending on the coverage. Should the pool experience significant losses in the aggregate, the School District may be required to pay additional monies to the pool. At present, the MASB/SET/SEG has not required additional funds, but rather has issued refunds based on experience gains over experience losses over the last few years. Premiums for the year ended June 30, 2007 were \$78,390 and the School District received a dividend refund of \$3,484.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

11) GENERAL LONG-TERM DEBT

A) Durant Resolution Package Bonds

Westwood Heights Schools issued Durant Resolution Bonds on November 24, 1998 in the amount of \$216,744 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2007 was \$127,979.

B) Notes Payable

Westwood Heights Schools is indebted to Citizens Bank for the purchase of a modular building. The note is payable in the amount of \$188,600. The note requires annual payments of \$42,514, including interest at 4.125%. The note was paid in full during the year.

C) Annual Principal Requirements

The annual principal requirements for all debt outstanding as of June 30, 2007 are as follows:

	Bonds Payable	Interest	Total
June 30, 2008	\$0	\$0	\$0
June 30, 2009	73,709	28,555	102,264
June 30, 2010	12,636	2,584	15,220
June 30, 2011	13,238	1,982	15,220
June 30, 2012	13,868	1,352	15,220
June 30, 2013	14,528	692	15,220
<u>TOTAL</u>	<u>\$127,979</u>	<u>\$35,165</u>	<u>\$163,144</u>

The payment dates of sick days payable is undeterminable. The interest expenditures on long-term obligations for the year were \$0.

D) Changes in General Long-Term Debt

	Balance 7-1-06	Additions	Deductions	Balance 6-30-07	Amount Due in One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$127,979	\$0	\$0	\$127,979	\$0
Contracts Payable	40,773	0	40,773	0	0
Sick Days Payable	33,940	29,236	0	63,176	0
<u>Total Governmental Activities</u>	<u>\$202,692</u>	<u>\$29,236</u>	<u>\$40,773</u>	<u>\$191,155</u>	<u>\$0</u>

12) OPERATING LEASES

The District entered into a new lease agreement with IKON Office Solutions to supply and service all copy machine. The lease commenced on February 19, 2007 for a period of sixty months. The lease call for monthly payments of \$1,229.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

12) OPERATING LEASES (Continued)

Future maturities are as follows:

2008	\$ 14,742
2009	14,742
2010	14,742
2011	14,742
2012	11,057
	<hr/>
<u>TOTAL</u>	<u>\$ 70,025</u>

13) INTERFUND ACTIVITY

Interfund balances at June 30, 2007 consisted of the following:

DUE TO	DUE FROM		
	Special	Capital	
	Revenue	Projects	
	Funds	Funds	TOTAL
General Fund	<u>\$21,780</u>	<u>\$62,662</u>	<u>\$84,442</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

14) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2007, consisted of the following:

TRANSFERS TO	TRANSFERS FROM
	General
	<u>Fund</u>
Athletics Fund	<u>\$330,337</u>

These transfers were made to subsidize the cost of services for athletics.

15) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

15) DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 16.34 percent for the period July 1, 2006 through September 30, 2006 and 17.74 percent for the period October 1, 2006 through June 30, 2007 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPSERS pension plan for the years ended June 30, 2007, 2006 and 2005 were \$1,073,740, \$1,033,298 and \$892,565, respectively.

Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPSERS pension plan discussed above.

16) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and worker's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

17) CONTINGENCIES AND COMMITMENTS

Federal Programs

The District participates in a number of federally assisted grant programs, principal of which are the Title I and Nutrition Cluster grants. These programs are subject to program compliance audits. The audit of these programs for and including the year ended June 30, 2007, have been conducted and have been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

18) SUBSEQUENT EVENTS

The District borrowed \$1,200,000 at 3.68% interest per annum on August 20, 2007, on a State Aid Anticipation Note. The note proceeds will be used to meet cash flow needs for the 2007-2008 fiscal year.

OTHER SUPPLEMENTAL
INFORMATION

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

	Special Revenue Funds	1990 Capital Projects Fund	Total Other Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$326,568	\$365,321	\$691,889
Accounts Receivable	7,753	0	7,753
Taxes Receivable	0	1,824	1,824
Due From Other Funds	21,780	20,122	41,902
Due From Other Governmental Units	14,840	0	14,840
Inventory	14,332	0	14,332
Prepaid Expenses	3,473	0	3,473
	<u>\$388,746</u>	<u>\$387,267</u>	<u>\$776,013</u>
<u>TOTAL ASSETS</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$5,064	\$0	\$5,064
Accrued Expenses	4,587	0	4,587
Salaries Payable	18,065	0	18,065
Total Liabilities	<u>\$27,716</u>	<u>\$0</u>	<u>\$27,716</u>
<u>FUND BALANCES</u>			
Reserved For:			
Inventory	14,332	0	14,332
Capital Projects	0	387,267	387,267
Unreserved:			
Undesignated, Reported In:			
Special Revenue Fund	346,698	0	346,698
Total Fund Balances	<u>\$361,030</u>	<u>\$387,267</u>	<u>\$748,297</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$388,746</u>	<u>\$387,267</u>	<u>\$776,013</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Funds	1990 Capital Projects Fund	Total Other Governmental Funds
<u>REVENUES</u>			
Local Sources	\$246,347	\$180,834	\$427,181
State Sources	52,864	0	52,864
Federal Sources	420,118	0	420,118
Total Revenues	<u>\$719,329</u>	<u>\$180,834</u>	<u>\$900,163</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers from Other Funds	330,337	0	330,337
Total Revenues & Other Financing Sources	<u>\$1,049,666</u>	<u>\$180,834</u>	<u>\$1,230,500</u>
<u>EXPENDITURES</u>			
Special Revenue	1,052,822	0	1,052,822
Capital Outlay	0	101,876	101,876
Total Expenditures	<u>\$1,052,822</u>	<u>\$101,876</u>	<u>\$1,154,698</u>
<u>OTHER FINANCING USES</u>			
Other Transfers	0	5,738	5,738
Loan Payments & Interest	0	42,405	42,405
Total Other Financing Uses	<u>\$0</u>	<u>\$48,143</u>	<u>\$48,143</u>
Total Expenditures and Other Financing Uses	<u>\$1,052,822</u>	<u>\$150,019</u>	<u>\$1,202,841</u>
Net Change in Fund Balance	(\$3,156)	\$30,815	\$27,659
<u>NET ASSETS - BEGINNING</u>	<u>364,186</u>	<u>\$356,452</u>	<u>720,638</u>
<u>NET ASSETS - ENDING</u>	<u>\$361,030</u>	<u>\$387,267</u>	<u>\$748,297</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
SPECIAL REVENUE FUND
COMBINING BALANCE SHEET
AS OF JUNE 30, 2007

	Food Service	Athletic Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$322,846	\$3,722	\$326,568
Accounts Receivable	7,753	0	7,753
Due From Other Funds	8,322	13,458	21,780
Due From Other Governmental Units	14,840	0	14,840
Inventory	14,332	0	14,332
Prepaid Expenses	2,339	1,134	3,473
	<u>370,432</u>	<u>18,314</u>	<u>388,746</u>
<u>TOTAL ASSETS</u>			
	<u>\$370,432</u>	<u>\$18,314</u>	<u>\$388,746</u>
<u>LIABILITIES</u>			
Accounts Payable	\$208	\$4,856	\$5,064
Accrued Expenses	1,862	2,725	4,587
Salaries Payable	7,332	10,733	18,065
Total Liabilities	<u>\$9,402</u>	<u>\$18,314</u>	<u>\$27,716</u>
<u>FUND EQUITY</u>			
Reserved for Inventory	14,332	0	14,332
Unreserved and Undesignated	346,698	0	346,698
Total Fund Equity	<u>\$361,030</u>	<u>\$0</u>	<u>\$361,030</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$370,432</u>	<u>\$18,314</u>	<u>\$388,746</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Food Service</u>	<u>Athletic Activities</u>	<u>Total</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Cafeteria Sales	\$152,743	\$0	\$152,743
Athletic Activities	0	25,857	25,857
Earnings on Investments and Deposits	14,009	0	14,009
Other Local Sources	53,738	0	53,738
Total Local Sources	<u>\$220,490</u>	<u>\$25,857</u>	<u>\$246,347</u>
<u>State Sources</u>			
State Reimbursements	52,864	0	52,864
<u>Federal Sources</u>			
Federal Reimbursements	384,280	0	384,280
Commodities	35,838	0	35,838
Total Federal Sources	<u>\$420,118</u>	<u>\$0</u>	<u>\$420,118</u>
Total Revenues	<u>\$693,472</u>	<u>\$25,857</u>	<u>\$719,329</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers from General Fund	0	330,337	330,337
Total Revenues and Other Financing Sources	<u>\$693,472</u>	<u>\$356,194</u>	<u>\$1,049,666</u>
<u>EXPENDITURES</u>			
Salaries - Professional	0	76,092	76,092
Salaries - Non-Professional	250,300	127,128	377,428
Insurances	27,049	6,952	34,001
Fica, Retirement, Etc.	69,978	49,414	119,392
Purchased Services	27,146	49,037	76,183
Supplies and Materials	277,945	33,492	311,437
Capital Outlay	38,979	4,415	43,394
Other	5,231	9,664	14,895
Total Expenditures	<u>\$696,628</u>	<u>\$356,194</u>	<u>\$1,052,822</u>
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</u>	<u>(\$3,156)</u>	<u>\$0</u>	<u>(\$3,156)</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>\$364,186</u>	<u>\$0</u>	<u>\$364,186</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$361,030</u>	<u>\$0</u>	<u>\$361,030</u>

INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES AND
OTHER FINANCING USES

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2007

REVENUES FROM
Local Sources

Property Tax Levy	\$1,755,035
Earnings on Investments and Deposits	92,773
Tuition	9,270
Building Rentals	324,600
Medicaid School Based Services	16,970
Transportation	27,046
Bridges	18,042
Other Local Revenues	72,606
Total Revenues from Local Sources	<u>\$2,316,342</u>

State Sources

State Aid - Foundation - Sec. 20	6,417,338
Headlee	322,213
Durant	21,674
At Risk	531,182
MI School Readiness	158,577
Career Prep Grant - ISD	82,516
Vocational Education	7,710
Total Revenues from State Sources	<u>\$7,541,210</u>

Federal Sources

Title I	371,732
Title V	861
Homeland Security	816
IDEA - Preschool	2,385
Bridges Grant	42,236
Technology Literacy Grant	1,639
Improving Teacher Quality	97,423
Special Education - Flow Through	246,166
Medicaid - Administrative Outreach	5,598
Transition Grant	1,630
Total Revenues from Federal Sources	<u>\$770,486</u>
Total Revenues	<u>\$10,628,038</u>

OTHER FINANCING SOURCES

Other Transfers	2,377
Transfers from Other Districts	73,896
County Special Education Tax	80,290
Total Other Financing Sources	<u>\$156,563</u>

<u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u>	<u><u>\$10,784,601</u></u>
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WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

INSTRUCTIONBASIC PROGRAMSWestwood Heights Elementary

Salaries - Professional	\$539,733
Salaries - Non-Professional	53,038
Insurances	194,411
Fica, Retirement, Etc.	151,944
Purchased Services	9,565
Supplies and Materials	44,772
Capital Outlay	3,865
Total Westwood Heights Elementary	<u>\$997,328</u>

Hamady Elementary

Salaries - Professional	480,850
Salaries - Non-Professional	97,914
Insurances	153,213
Fica, Retirement, Etc.	148,488
Other Benefits	4,800
Purchased Services	10,982
Supplies and Materials	48,058
Capital Outlay	3,992
Total Hamady Elementary	<u>\$948,297</u>

Middle School

Salaries - Professional	722,577
Salaries - Non-Professional	13,262
Insurances	209,992
Fica, Retirement, Etc.	186,508
Other Benefits	2,400
Purchased Services	4,031
Supplies and Materials	35,296
Capital Outlay	1,932
Other	200
Total Middle School	<u>\$1,176,198</u>

High School

Salaries - Professional	851,478
Salaries - Non-Professional	15,660
Insurances	270,056
Fica, Retirement, Etc.	230,526
Other Benefits	4,800
Purchased Services	10,187
Supplies and Materials	45,643
Capital Outlay	4,274
Other	116
Total High School	<u>\$1,432,740</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

INSTRUCTION (Continued)

BASIC PROGRAMS (Continued)

Preschool

Salaries - Professional	\$70,860
Salaries - Non-Professional	31,076
Insurances	23,331
Fica, Retirement, Etc.	25,699
Purchased Services	1,114
Supplies and Materials	2,942
Total Preschool	<u>\$155,022</u>

Total Basic Programs	\$4,709,585
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ADDED NEEDS

Special Education

Salaries - Professional	460,372
Salaries - Non-Professional	108,770
Insurances	135,994
Fica, Retirement, Etc.	137,410
Supplies and Materials	5,314
Other	596
Total Special Education	<u>\$848,456</u>

Compensatory Education

Salaries - Professional	349,719
Salaries - Non-Professional	97,843
Insurances	101,419
Fica, Retirement, Etc.	103,319
Purchased Services	39,405
Supplies and Materials	8,860
Total Compensatory Education	<u>\$700,565</u>

Vocational Education

Salaries - Professional	72,944
Salaries - Non-Professional	814
Insurances	17,316
Fica, Retirement, Etc.	18,614
Supplies and Materials	10,327
Capital Outlay	41,660
Total Vocational Education	<u>\$161,675</u>

Total Added Needs	<u>\$1,710,696</u>
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<u>Total Instruction</u>	\$6,420,281
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WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

SUPPORT SERVICES

Student Services

Salaries - Professional	\$265,490
Salaries - Non-Professional	88,500
Insurances	65,520
Fica, Retirement, Etc.	87,460
Purchased Services	102,892
Supplies and Materials	4,042
Other	180
Total Student Services	<u>\$614,084</u>

Instructional Staff

Salaries - Professional	205,672
Salaries - Non-Professional	30,421
Insurances	57,081
Fica, Retirement, Etc.	76,912
Purchased Services	105,414
Supplies and Materials	5,511
Capital Outlay	4,097
Total Instructional Staff	<u>\$485,108</u>

General Administration

Salaries - Professional	144,182
Salaries - Non-Professional	48,439
Insurances	7,388
Fica, Retirement, Etc.	30,074
Other Benefits	3,511
Purchased Services	105,408
Supplies and Materials	16,987
Other	39,246
Total General Administration	<u>\$395,235</u>

School Administration

Salaries - Professional	497,301
Salaries - Non-Professional	150,187
Insurances	239,437
Fica, Retirement, Etc.	154,666
Purchased Services	1,186
Supplies and Materials	11,287
Other	4,076
Total School Administration	<u>\$1,058,140</u>

Business Office

Salaries - Non-Professional	16,910
Insurances	11,995
Fica, Retirement, Etc.	2,103
Purchased Services	108,815
Supplies and Materials	357
Other	54,386
Total Business Office	<u>\$194,566</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

SUPPORT SERVICES (Continued)

Operation and Maintenance of Plant

Salaries - Professional	\$31,008
Salaries - Non-Professional	418,516
Insurances	158,118
Fica, Retirement, Etc.	124,579
Purchased Services	97,885
Supplies and Materials	428,604
Capital Outlay	43,517
Total Operation and Maintenance of Plant	<u>\$1,302,227</u>

Transportation

Salaries - Professional	23,041
Insurances	6,587
Fica, Retirement, Etc.	9,834
Purchased Services	438,980
Supplies and Materials	23,077
Other	52
Total Transportation	<u>\$501,571</u>

Support Services - Other

Salaries - Non-Professional	174
Purchased Services	126,625
Supplies and Materials	138
Other	250
Total Support Services - Other	<u>\$127,187</u>

Total Support Services	\$4,678,118
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COMMUNITY SERVICES

Salaries - Professional	49,705
Insurances	1,791
Fica, Retirement, Etc.	12,349
Supplies and Materials	5,564
Other	382
Total Community Services	<u>\$69,791</u>

<u>Total Expenditures</u>	\$11,168,190
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OTHER FINANCING USES

Transfers to Athletics	<u>330,337</u>
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<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$11,498,527</u>
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WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

Student Activity	Due to (From) Student Groups July 1, 2006	Receipts	Disbursements	Due to (From) Student Groups June 30, 2007
Athletic Booster	\$0	\$66	\$50	\$16
Band	59	98	152	5
Basketball Club	49	183	0	232
Central Office Concessions	2,563	491	1,950	1,104
Choir	478	200	180	498
Cultural Exchange (Spanish Club)	262	0	83	179
Drug Free Schools	387	0	0	387
Faculty Scholarship Fund	1,175	2,009	965	2,219
Football	81	2,210	1,354	937
Girls Basketball Club	24	0	24	0
Graduation Class of 2005	123	0	0	123
Graduation Class of 2006	195	0	0	195
Graduation Class of 2007	20	395	374	41
Graduation Class of 2008	166	3,945	2,129	1,982
Graduation Class of 2009	0	450	54	396
Graduation Class of 2010	0	625	64	561
Graduation Class of 2012	103	0	0	103
Graduation Class of 2013	400	0	0	400
Graduation Class of 2014	400	0	0	400
Graduation Class of 2015	454	0	0	454
Graduation Class of 2016	90	0	0	90
Graduation Prior Classes	2,841	0	0	2,841
Graphics Arts	141	6,978	6,496	623
Hamady Elem. School Improv.	2,820	3,593	5,234	1,179
Hamady Elementary Concessions	38	10,004	8,760	1,282
Hamady Elementary Library	2,890	1,852	4,399	343
Hamady Elementary PTO	2,945	1,736	3,914	767
Hawk Pride	0	5,857	5,750	107
High School Activities	753	2,975	2,118	1,610
High School Cheerleading	664	560	640	584
High School Concessions	1,484	3,490	3,211	1,763
High School Industrial Arts	264	0	0	264
High School Library	1,110	0	0	1,110
High School Student Council	646	1,172	1,040	778
High School Student Fees/fines	624	4,180	217	4,587
High School Yearbook	15	0	0	15
Interest	0	248	88	160
Subtotal	\$24,264	\$53,317	\$49,246	\$28,335

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN

TRUST AND AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2007

Student Activity	Due to (From)	Receipts	Disbursements	Due to (From)
	Student Groups July 1, 2006			Student Groups June 30, 2007
Junior High Cheerleading	\$34	\$0	\$0	\$34
Junior High Student Council	48	449	0	497
Middle School Concessions	192	187	79	300
Middle School Fees/Fines	95	0	10	85
National Honor Society	456	0	0	456
Project Close-Up	332	400	0	732
Quiz Bowl	3	0	0	3
Reading is Fundamental	118	0	0	118
Scholarship - Linda Flores	2,000	1,000	3,000	0
Scholarship - Marlene Dean	4,021	0	2,111	1,910
Scholarship - Thrower, Davis	2,659	0	1,000	1,659
Scholarship - Michael Stapish	0	535	0	535
Scholarship Club	1,094	1,300	850	1,544
Softball	19	0	0	19
Unclaimed Deposits	805	0	805	0
Westwood Elem Concessions	5,082	9,405	13,037	1,450
Westwood Elem Library	238	125	360	3
Westwood Elem Misc (PTO)	934	1,437	2,118	253
Westwood Elem School Improv	1,210	759	1,655	314
Westwood Heights Senior Citizens	145	0	0	145
Youth Advisory Council	9	0	0	9
Youth Football League	102	0	0	102
<u>TOTALS</u>	<u>\$43,860</u>	<u>\$68,914</u>	<u>\$74,271</u>	<u>\$38,503</u>

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2007

DATE OF ISSUE - November 24, 1998

Original amount of issue - \$216,744

1998 DURANT RESOLUTION PACKAGE BONDS

<u>PAYMENT DATE - MAY 15TH</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE</u>	<u>INTEREST REQUIREMENT</u>	<u>TOTAL FISCAL YEAR REQUIREMENTS</u>
2008	\$0	4.761353%	\$0	\$0
2009	73,709	4.761353%	28,555	102,264
2010	12,636	4.761353%	2,584	15,220
2011	13,238	4.761353%	1,982	15,220
2012	13,868	4.761353%	1,352	15,220
2013	14,528	4.761353%	692	15,220
<u>TOTAL</u>	<u>\$127,979</u>		<u>\$35,165</u>	<u>\$163,144</u>

WESTWOOD HEIGHTS SCHOOLS

FLINT, MICHIGAN

FEDERAL AWARDS
SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2007

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

October 30, 2007

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of
Westwood Heights Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westwood Heights Schools, as of and for the year ended June 30, 2007, which collectively comprise the Westwood Heights Schools' basic financial statements and have issued our report thereon dated October 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Westwood Heights Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Westwood Heights Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Westwood Heights Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Westwood Heights Schools' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Westwood Heights Schools' financial statements that is more than inconsequential will not be prevented or detected by the Westwood Heights Schools' internal control. We consider the deficiencies identified as 2007-1 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Westwood Heights Schools' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Westwood Heights Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Westwood Heights Schools
Page 2
October 30, 2007

This report is intended solely for the information and use of management, the finance committee, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lewis & Knopf P.C.
LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS



Lewis & Knopf, CPAs, P.C.

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October 30, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Education of
Westwood Heights Schools

Compliance

We have audited the compliance of Westwood Heights Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Westwood Heights Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Westwood Heights Schools' management. Our responsibility is to express an opinion on Westwood Heights Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Westwood Heights Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Westwood Heights Schools' compliance with those requirements.

In our opinion, Westwood Heights Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Westwood Heights Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Westwood Heights Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Westwood Heights Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.



Westwood Heights Schools

Page 2

October 30, 2007

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westwood Heights Schools, as of and for the year ended June 30, 2007, and have issued our report thereon dated October 30, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Westwood Heights Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	APPROVED GRANT AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Michigan Department of Education:			
Title I Grants to Local Educational Agencies	84.010		
ESEA Title I - Regular (05-06)		061530-0506	\$409,067
ESEA Title I - Regular (05-06)		051550-0506	135,000
ESEA Title I - Regular (06-07)		061530-0607	69,606
ESEA Title I - Regular (06-07)		071530-0607	430,805
Total Title I Grants to Local Educational Agencies			<u>\$1,044,478</u>
Innovative Education Program Strategies	84.298		
ESEA Title V (06-07)		070250-0607	4,270
Technology Literacy Challenge Grants	84.318		
Technology Literacy Challenge Fund Administration (05-06)		064290-0506	7,432
Technology Literacy Challenge Fund Administration (05-06)		064290-0607	1,498
Technology Literacy Challenge Fund Administration (06-07)		074290-0607	4,422
Total Technology Literacy Challenge Grants			<u>\$13,352</u>
Improving Teacher Quality	84.367		
Improving Teacher Quality (05-06)		060520-0506	90,775
Improving Teacher Quality (05-06)		060520-0607	8,013
Improving Teacher Quality (06-07)		070520-0607	95,919
Total Improving Teacher Quality			<u>\$194,707</u>
Total Passed Through Michigan Department of Education			<u>\$1,256,807</u>
Passed Through Genesee Intermediate School District:			
Special Education - Grants to States	84.027		
IDEA Flow Through (05-06)		060450-0506	206,765
IDEA Flow Through (06-07)		070450-0607	265,626
Transition Services (05-06)		060490-TS	1,204
Transition Services (06-07)		070490-TS	1,305
Total Special Education - Grants to States			<u>\$474,900</u>
Special Education - Preschool Grants	84.173		
IDEA Preschool Incentive (06-07)		070460-0607	2,620
Emergency Response & Crisis Management (05-06)	84.184E	Q184E050156	2,525
Total Passed Through Genesee Intermediate School District			<u>\$480,045</u>
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			<u>\$1,736,852</u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2006	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS	CURRENT YEAR CASH RECEIPTS	ACCRUED (DEFERRED) REVENUE JUNE 30, 2007
\$117,090	\$409,067	\$0	\$0	\$117,090	\$0
63,355	120,529	14,471	0	77,826	0
0	0	69,606	0	69,606	0
0	0	287,655	0	223,172	64,483
\$180,445	\$529,596	\$371,732	\$0	\$487,694	\$64,483
0	0	861	0	0	861
0	7,530	(98)	0	(98)	0
0	0	1,498	0	1,498	0
0	0	239	0	0	239
\$0	\$7,530	\$1,639	\$0	\$1,400	\$239
13,095	90,339	436	0	13,531	0
0	0	8,013	0	0	8,013
0	0	88,974	0	64,669	24,305
\$13,095	\$90,339	\$97,423	\$0	\$78,200	\$32,318
\$193,540	\$627,465	\$471,655	\$0	\$567,294	\$97,901
68,413	206,765	0	0	68,413	0
0	0	246,166	0	212,558	33,608
1,204	1,204	0	0	1,204	0
0	0	1,138	0	1,138	0
\$69,617	\$207,969	\$247,304	\$0	\$283,313	\$33,608
0	0	2,385	0	0	2,385
0	0	816	0	816	0
\$69,617	\$207,969	\$250,505	\$0	\$284,129	\$35,993
\$263,157	\$835,434	\$722,160	\$0	\$851,423	\$133,894

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	APPROVED GRANT AWARD AMOUNT
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Michigan Department of Education:			
Food Distribution	10.550		
Entitlement Commodities		N/A	\$35,613
Bonus Commodities		N/A	225
Total Commodities			<u>\$35,838</u>
School Breakfast Program	10.553	N/A	81,348
National School Lunch Program	10.555	N/A	302,543
Special Milk Program for Children	10.556	N/A	<u>389</u>
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u>			<u>\$420,118</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Passed Through Genesee Intermediate School District			
WIA Title-I	17.259		
Year Round Youth Services (05-06)		007-K-5	1,564
Year Round Youth Services (06-07)		007-K-6	492
Total WIA Title-I			<u>\$2,056</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through United Way			
Temporary Assistance for Needy Families (TANF)	93.558	N/A	42,236
Pass Through Genesee Intermediate School District			
Medicaid - Administrative Outreach	93.778	N/A	<u>6,500</u>
<u>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			<u>\$48,736</u>
<u>TOTAL FEDERAL AWARDS</u>			<u><u>\$2,207,762</u></u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2006	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS	CURRENT YEAR CASH RECEIPTS	ACCRUED (DEFERRED) REVENUE JUNE 30, 2007
\$0	\$0	\$35,613	\$0	\$35,613	\$0
0	0	225	0	225	0
\$0	\$0	\$35,838	\$0	\$35,838	\$0
4,451	0	81,348	0	83,649	2,150
15,025	0	302,543	0	309,517	8,051
0	0	389	0	389	0
\$19,476	\$0	\$420,118	\$0	\$429,393	\$10,201
1,564	1,564	0	0	1,564	0
0	0	492	0	492	0
\$1,564	\$1,564	\$492	\$0	\$2,056	\$0
0	0	42,236	0	42,236	0
0	0	5,598	0	5,598	0
\$0	\$0	\$47,834	\$0	\$47,834	\$0
\$284,197	\$836,998	\$1,190,604	\$0	\$1,330,706	\$144,095

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL REVENUE RECOGNIZED FOR THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS

\$1,190,604

FEDERAL REVENUE RECOGNIZED PER THE GENERAL
PURPOSE FINANCIAL STATEMENTS

General Fund	\$770,486
School Service Fund	<u>420,118</u>
<u>TOTAL</u>	<u>\$1,190,604</u>

- 1) The Schedule of Expenditures of Federal Awards had been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Form R7120 have been reconciled in the attached reconciliation on page 8 of this report.
- 3) As of the date of completion of fieldwork, the Schedule of Transfers to Sub-Recipients from the Intermediate School Districts was not available. The amounts shown on the Schedule of Federal Financial Assistance as flow through from the Intermediate School Districts may not be conclusive.

WESTWOOD HEIGHTS SCHOOLS - FLINT, MICHIGAN
RECONCILIATION OF FORM R 7120 "GRANT SECTION AUDITOR'S REPORT"
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

<hr/>		
Current Payments Per the Grant Section Auditor's Report (Form R 7120)		\$892,896
Current Payments Per the Grant Section Auditor's Report		
Cash Management System		
Add: Title I (CFDA 84.010)	\$60,088	
Add: Technology Literacy (CFDA 84.318)	742	
Add: Improving Teacher Quality (CFDA 84.367)	28,927	
Total		89,757
<u>Less:</u> State Aid Breakfast		(21,804)
<u>Add:</u> Grants Passed Through Genesee Intermediate School District:		
Special Education - State Grants (CFDA 84.027)	\$283,313	
Emergency Response & Crisis Management (CFDA 84.184E)	816	
WIA Title-I (CFDA 17.259)	2,056	
Medicaid - Administrative Outreach (CFDA 93.778)	5,598	
Total Passed Through Genesee Intermediate School District		291,783
Passed Through United Way		
Temporary Assistance for Needy Families (CFDA 93.558)		42,236
Entitlement and Bonus Commodities (CFDA 10.550)		35,838
<u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF</u> <u>EXPENDITURES OF FEDERAL AWARDS</u>		<u>\$1,330,706</u>

WESTWOOD HEIGHTS SCHOOLS- FLINT, MICHIGAN
SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)
84.010
10.553/10.555/10.556

Name of Federal Program or Cluster
Title I Grants to States
Nutrition Cluster

Dollar threshold use to distinguish between type A and type B programs:

\$ 300,000.00

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

WESTWOOD HEIGHTS SCHOOLS- FLINT, MICHIGAN
SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2007-1

Finding Considered a Significant Deficiency – Cash Disbursement Controls

The District's internal control policies and procedures for cash disbursements were not being followed consistently and some key control procedures were not effective. Also, a key control for cash disbursements was not being used correctly. Some cash disbursements were paid from vendor statements rather than invoices with proper support and documentation. As a result, the District is investigating the possibility of misuse or misappropriation of funds.

Management Response:

Management will enforce the cash disbursement control procedures.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year findings.

STATUS OF PRIOR YEAR FINDING

There were no prior year findings.